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USDOC FOR 532/OEA/MHAMES/LLAUCIUS
USDOC FOR 3132 FOR FCS/OIO REGIONAL DIRECTOR PATRICK SANTILLO
BICE FOR OFFICE OF STRATEGIC INVESTIGATIONS

SIPDIS

E.O. 12958: N/A
TAGS: BMGT BEXP HK ETRD ETTC
SUBJECT: EXTRANCHECK: POST SHIPMENT VERIFICATION: NABOND TECHNOLOGY HK CO LTD

REF: A) BIS e-mail request dated April 22, 2009

1.Unauthorized disclosure of the information provided below is prohibited by Section 12C of the Export Administration Act.

¶2. As per reftel A request and at the direction of the Office of Enforcement Analysis (OEA) of the USDOC Bureau of Industry and Security (BIS), Export Control Officer Philip Ankel (ECO) conducted a post shipment verification (PSV) at Nabond Technology HK, Co., Ltd., Unit 1001, Forseas Bldg, 208-212 Nathan Road, Hong Kong (Nabond). The items in question for this PSV are 10 pieces of Duocel silicon carbide ceramic exported to Nabond on or about October 10, ¶2008. On the applicable shippers export declaration (SED), these items are not classified meaning that they are likely EAR99 and eligible for shipment to virtually all destinations and end-uses/users worldwide. The exporter was ERG Materials and Aerospace of Oakland California.

¶3. According to the Hong Kong Companies Registry, Nabond has been in existence since 2007. Its paid up share capital is the Hong Kong equivalent of USD 13. The Hong Kong Companies Registry lists Chinese Mainland national, Zhang, Chuanyi, as director (with mainland China passport number 440106197770809184X).

¶4. According to the company's web site (www.nabond.com), Nabond is a R&D company focusing on the manufacture and application of nano materials, adhesives and related machines. The company's contact details listed on its web site make reference to a Shenzhen address and phone number. According to the company's web site, it is able to provide a range of nano-materials for sale.

¶5. On May 27, 2009, ECO accompanied by Commercial Assistant, Carrie Chan, visited Nabond and met with Mr. Tom Lee, General Manager. The meeting occurred at the offices of company secretarial service company, ATA Corporate Formation & Management Limited. The ship to address on the ERG shipping documents (as distinct from the ATA address) corresponds to the address of freight forwarder Safe Velocity Express Ltd. Mr. Lee's office within ATA had a sign above the doorway indicating that it was the office of Nabond. ECO suspects this was done to give Nabond the appearance of having a Hong Kong operation when, in fact, it has no real Hong Kong presence.

¶6. According to Mr. Lee, Nabond ordered the items in question to use in the research and development of very light ceramic products able to withstand up to 1000 degree temperatures. These would be used in vehicle engine applications. Mr. Lee stated that the company has a range of overseas customers including Unico and BASF. In fact, Mr. Lee stated that few domestic Chinese companies have an interest in his company's products and he therefore produces primarily for export. Mr. Lee stated that he has no government customers and stated further that government agencies would see his company as too small to deal with. Mr. Lee stated that his company has eight staff.

¶7. When asked about the disposition of the items, Mr. Lee stated that they had been for use at the company's R&D lab in Hong Kong. When asked for an address, Mr. Lee demurred, claiming that the location of the Hong Kong lab was a trade secret.

¶8. Based on the information noted above, ECO believes that Nabond most likely does not have any permanent Hong Kong presence and uses its Hong Kong address to receive shipments and correspond with international clients and suppliers. While there is no apparent export control violation associated with this shipment, ECO nonetheless does not believe Nabond to be a suitable recipient of controlled U.S. origin technology.